



**HOUSING AUTHORITY  
of the County of Los Angeles**

Administrative Office

2 Coral Circle • Monterey Park, CA 91755  
323.890.7001 • TTY: 323.838.7449 • [www.lacdc.org](http://www.lacdc.org)



**Gloria Molina  
Mark Ridley-Thomas  
Zev Yaroslavsky  
Don Knabe  
Michael D. Antonovich**  
*Commissioners*

**Cordé D. Carrillo**  
*Acting Executive Director*

March 10, 2009

Honorable Board of Commissioners  
Housing Authority of the  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVE AMENDMENT TO THE UNIT LOAN ASSISTANCE AGREEMENT WITH  
HERITAGE HOUSING PARTNERS DFO, LLC TO GRANT CONDOMINIUM  
CONVERSION FUNDS ASSOCIATED WITH AFFORDABLE HOMEOWNERSHIP  
UNITS AT FAIR OAKS COURT IN THE CITY OF PASADENA (DISTRICT 5) (3 VOTE)**

**SUBJECT**

This letter recommends approval of a grant of up to \$90,000 in Condominium Conversion Funds from the Fifth Supervisorial District to Heritage Housing Partners DFO, LLC, to fund increased carrying costs associated with the development of affordable homeownership units at Fair Oaks Court in the City of Pasadena.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that the grant of funds and approval of the Amendment No. 1 to the Unit Loan Assistance Agreement, as described herein, is not subject to the California Environmental Quality Act (CEQA) because the proposed activity is not defined as a project under CEQA and will not have cause a significant effect on the environment.
2. Approve and authorize the Acting Executive Director to execute Amendment No. 1 to the Unit Loan Assistance Agreement dated May 14, 2008 between the Housing Authority and Heritage Housing Partners DFO, LLC, presented in substantially final form, in order to grant up to \$90,000



in Condominium Conversion Funds from the Fifth Supervisorial District to the Developer, following approval as to form by County Counsel.

3. Authorize the Acting Executive Director to incorporate a total amount of up to \$90,000 in Condominium Conversion Funds, as needed, into the Housing Authority's Fiscal Year 2008-2009 budget, for the purposes described above.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Amendment will provide Heritage Housing Partners DFO, LLC (Developer) a grant, as allowed under Chapter 8.48.090 of the Condominium Conversion Ordinance. The grant of Condominium Conversion Funds will be applied to the increased carrying costs absorbed by the Developer, as a result of the slow pace of affordable homeownership unit sales and directly connected to the weak housing market and tight lending practices.

On December 5, 2006, your Board approved a Unit Loan Assistance Agreement with the Developer to provide up to \$1,155,000 in City of Industry Homeownership Program Funds for the development of 27 affordable units at Fair Oaks Court. As a result of declining market conditions, the amount of affordable units was reduced from 27 to 25, and thus the loan amount was reduced to a maximum of \$1,069,444. Furthermore, since your Board's approval, the number of units have shifted to accommodate for deeper affordability to low-income families at the 80% Area Median Income category; providing ten units instead of six. This change has made it possible for more low-income families to acquire a new and affordable home.

Since the Agreement was executed in May 2008, the market has continued to worsen, and the total development cost has increased from \$20,663,832 to \$21,681,192. This increase is attributed to higher carrying costs, such as interest payments, property taxes and insurance extensions. Of this \$1,017,360 difference, \$289,260 is directly attributed to the delay in closings of the affordable homeownership units. The proposed grant of up to \$90,000 in Condominium Conversion Funds will alleviate a portion of the Developer's cost burden, which continues to date with two affordable homeownership units still pending close of escrow.

#### **FISCAL IMPACT/FINANCING**

The grant will be funded with up to \$90,000 in Condominium Conversion Funds from the Fifth Supervisorial District, which will be incorporated into the Housing Authority's Fiscal Year 2008-2009 budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Condominium Conversion Funds are available Countywide for uses associated with the development of housing for low-income households. Chapter 8.48.090 of the Condominium Conversion Ordinance requires that a covenant be executed, restricting the affordability of units to a minimum of 20 years; this requirement is met under the Housing Authority's Promissory Note and secured by a Deed of Trust for funds under the Agreement, which outlines an affordability period of 45 years.

### **ENVIRONMENTAL DOCUMENTATION**

Approval of the transfer of funds for the Project is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact or result in any physical change to the environment. The activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060 (c)(3) and 15378 because they are not defined as a project under CEQA and do not have a potential for causing a significant effect on the environment.

### **IMPACT ON CURRENT PROJECT**

Approval of the Amendment will alleviate a portion of the Developer's increased carrying costs and support the availability of affordable homeownership units in Los Angeles County.

Respectfully submitted,

  
for CORDÉ D. CARRILLO  
Acting Executive Director

Attachments: 3

**ATTACHMENT A**

**UNIT LOAN ASSISTANCE AGREEMENT  
BETWEEN  
THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES  
AND  
HHP DFO, LLC**

**AMENDMENT NO. 1**

This Amendment No. 1 (the "Amendment") to the Unit Loan Assistance Agreement dated May 14, 2008 ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2009 by and between the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic, ("HACOLA"), and Heritage Housing Partners DFO, LLC, a California Limited Liability Company, ("Developer").

WHEREAS, at its meeting of December 5, 2006, the Board of Commissioners of HACOLA authorized the Executive Director to enter into agreements necessary to provide City of Industry Homeownership Program Funds (Industry Funds) for secondary financing to qualified first-time homebuyers of affordable homeownership units located at 584, 590, 600, 604, 612 N. Fair Oaks; 6, 12, 14, 22, 24-26, 36, 40, 44 E. Peoria, Fair Oaks Court, ("Project"), in the City of Pasadena; and

WHEREAS, on May 14, 2008, HACOLA and the Developer entered into the Agreement, to provide for the commitment of loan funds in the amount of \$1,069,444 for twenty-five affordable units, subject to the conditions set forth therein; and

WHEREAS, HACOLA desires to grant the Developer up to \$90,000 in Condominium Conversion Funds; and

WHEREAS, HACOLA and the Developer desire to amend the Agreement as provided herein; and

NOW, THEREFORE, in consideration of the mutual undertakings herein, the parties agree as follows:

The Agreement shall be amended as follows:

1. Transaction Summary shall be amended as follows:

No./size of units & income levels for assisted units:

HUD Income Levels	No. of 1-BR units	No. of 2-BR units	No. of 3-BR units	No. of 4-BR units	Total Units for this income level
80% AMI		2	4	4	10
90% AMI		5	1	3	9
100% AMI		1	3	2	6
Total:		8	8	9	25

2. Section 4.2, paragraph one, last sentence, shall be added to include:

In addition, HACOLA shall provide the Developer a grant, as allowed under Chapter 8.48.090 of the Condominium Conversion Ordinance, of Condominium Conversion Funds, from Supervisorial District 5, in an amount not to exceed **NINETY THOUSAND DOLLARS (\$90,000)** and shall be applied to increased carrying costs absorbed by the Developer.

3. Exhibit C ("Project Description") to the Agreement shall be amended as set forth in Amended Exhibit C, attached hereto and incorporated herein by this reference.
4. Exhibit F ("HACOLA Units") to the Agreement shall be amended as set forth in Amended Exhibit F, attached hereto and incorporated herein by this reference.
5. All other terms and conditions of this Agreement shall remain unchanged and in full force and effect.

*[Signatures on following page]*

IN WITNESS WHEREOF, the duly authorized officers of the parties hereto have authorized this Amendment and are executing this Amendment as of the day, month and year first above written.

**HACOLA:**  
HOUSING AUTHORITY OF THE  
COUNTY OF LOS ANGELES  
A public body corporate and politic

By \_\_\_\_\_  
CORDE D. CARRILLO  
Acting Executive Director

Date \_\_\_\_\_

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.  
County Counsel

By \_\_\_\_\_  
Deputy

**DEVELOPER:**  
HHP DFP, LLC  
a California limited liability company

By: \_\_\_\_\_  
CHARLES LOVEMAN, Executive Director

Date \_\_\_\_\_

**ATTACHMENT B**  
**PROJECT DESCRIPTION**

This project is located at the corner of Fair Oaks Avenue and East Peoria Street in Northwest Pasadena. The project will consist of forty homeownership units. Thirty-one of these units will be attached condominiums, consisting of eight two-bedroom units, eight three-bedroom units, and nine four-bedroom units. The remaining nine units will consist of nine detached historic homes that will be rehabilitated. Two of the historic homes have one bedroom, two have two bedrooms, two have three bedrooms, two have four bedrooms and one has five bedrooms.

Twenty-five of the condominium units will be Industry-assisted; none of the historic homes will receive Industry funding. Ten of the HACOLA units will be targeted to homebuyers with incomes that do not exceed 80% of Area Median Income (AMI), nine units will be targeted to homebuyers with incomes that do not exceed 90% of AMI, and six will be reserved for homebuyers with incomes that do not exceed 100% of AMI. The targeted homebuyers must be first-time homebuyers as defined by HUD.

Of the non-HACOLA units, eight will be sold to homebuyers with incomes that do not exceed 120% AMI, three will be sold as a "workforce" units, and the remaining four units may be sold at the market price.

## ATTACHMENT C

### HACOLA UNIT DETAIL BY BEDROOM

<i>No. of 1- BR units</i>	<i>No. of 2- BR units</i>	<i>No. of 3- BR units</i>	<i>No. of 4- BR units</i>	<i>Total Units</i>
0	2	4	4	10
0	5	1	3	9
0	1	3	2	6
<i>Total Units</i>	8	8	9	25

### HACOLA UNIT DETAIL BY ADDRESS

<i>Unit Address</i>	<i># of Bedrooms</i>
602 N. Fair Oaks, #120	2
608 N. Fair Oaks, #127	2
596 N. Fair Oaks, #115	3
602 N. Fair Oaks, #122	3
608 N. Fair Oaks, #133	4
596 N. Fair Oaks, #117	4
602 N. Fair Oaks, #119	2
588 N. Fair Oaks, #102	2
588 N. Fair Oaks, #103	2
608 N. Fair Oaks, #128	2
596 N. Fair Oaks, #112	2
596 N. Fair Oaks, #111	2
588 N. Fair Oaks, #106	3
588 N. Fair Oaks, #105	3
608 N. Fair Oaks, #130	3
602 N. Fair Oaks, #123	3
608 N. Fair Oaks, #131	3
596 N. Fair Oaks, #114	3
602 N. Fair Oaks, #124	4
602 N. Fair Oaks, #125	4
596 N. Fair Oaks, #116	4
588 N. Fair Oaks, #107	4
588 N. Fair Oaks, #109	4
608 N. Fair Oaks, #132	4
588 N. Fair Oaks, #108	4